

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Egypt

Post: Cairo

Rice Up-date

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Grain and Feed

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Report Highlights:

Post expects that GASC will continue to purchase imported long grain rice for the ration card program, with the next tender expected in February. Traditionally, an important rice exporter, Egypt is likely to import at least 500 TMT in MY 2011/2012. At the same time, contraband exports of rice are proceeding despite the official export ban due to limited security presence. Post increased the forecast of rice exports from 500 to 600 TMT.

General Information:

While the Ministry of Agriculture and Land Reclamation has updated their estimate of the area cultivated with rice in MY 2011/12 to about 610 TH (thousand hectare), the Ministry of Irrigation and Water Resources as well as the traders estimate the rice area at about 730 TH. Post accepts the latter estimate. Reports also indicate that yields were well below normal, resulting in a lower than earlier forecast rice crop.

Based on last year's prices of paddy rice of about \$580/MT, farmers switched about 250 TH from corn to rice. There was no control on water usage and on the cultivated area during the period following the January 25 Revolution. Since officials did not want to upset the farmers at that time, fines on the farmers who plant rice in areas that are not supposed to be planted with rice were lifted. The government announced that it will not allow the rice area to exceed 460 TH in the next season, but Post expects farmers will react more to paddy prices prior to the planting season as well as any decision to lift the ban on rice exports. Currently, paddy prices are about \$380/MT, which should discourage planting.

Egypt tendered for imported or locally produced rice in December 2011 and purchased 234 TMT for delivery on January –March, 2012 of which 221 TMT was imported rice and the rest was locally produced rice (see [FAS Cairo GAIN report](#) on the tender and potential implications). According to the local trade about 90% of this quantity is imported from India and the rest is imported from Pakistan, Vietnam, and Thailand. It is expected that the General Authority for Supply Commodities (GASC) will announce another tender in mid February to cover the ration card needs of rice for the months of April-June. Egypt needs about 88 TMT/ month or about 1 MMT/year. Post estimates that Egypt will import at least 500 TMT in MY 2011/12 depending on the acceptance of long grain rice by the ration card holders. If there is wide acceptance, the quantity imported this year may reach 750 TMT. The imported rice has not been delivered to the ration card holders yet, so consumer attitudes are as yet unknown. However, with ration card rice selling at LE 1.5/kg (\$1.00=LE 6.03) and retail rice prices at LE 6.70/kg, there is a great deal of incentive to consume long grain rice.

For GASC and the GOE, the provision of imported long grain rice through the ration card system provides significant savings over purchasing local medium grain rice. Instead of paying LE 5/KG or more for ration card rice, GASC purchased long grain from local traders at LE 3.1-3.3/KG. With a worsening budget situation, the savings on the 1 MMT ration card program are welcome.

The ban on rice exports is still in place, but lack of police enforcement and minimal penalties when detected have led to a massive contraband trade. Smuggling is occurring to the south into Sudan and from Sudan to Saudi Arabia and other Gulf countries, to Libya which imported over 100 TMT of U.S. medium grain last MY, and to Gaza, Syria and Jordan. There is no official data about smuggling but according to some traders, at least 1,000 –1,500 MT is smuggled daily. Egypt also exports broken rice to some European and African countries. Post believes contraband rice trade is on the high side of this estimate, as evidenced in part by the relatively high retail prices prevailing in Egypt. Many experts believe that Egypt should officially allow rice exports since it is already smuggled.

Farmers are still holding a large quantity of rice at their homes waiting for the prices to increase. They still keeping in mind last year's prices and comparing that to this year's prices of about \$380/MT. The impact of the imported long grain rice, the ability of the farmer to store the rice without affecting their cash needs for their agriculture and their living, the time left before the new crop is marketed, the pace of the smuggling process in the next few months, and the price offered by the traders for the smuggled rice are all factors that can

determine the imports and exports of rice in the coming period.